GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2604
ANSWERED ON:18.08.2006
WORKING OF REGULATORY SYSTEMS
Boianapalli Shri Vinod Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to strengthen and facilitate professional functioning of regulatory systems particularly in Financial and Insurance Sectors of the economy ;

(b) if so, the details thereof; and

(c) the steps Government have taken/proposes to bring the Indian Regulatory systems consistent with the emerging trends at national/international levels ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)to(c) The regulatory systems controlling the Financial and Insurance Sectors of economy viz. Reserve Bank of India (RBI), Insurance Regulatory & Development Authority (IRDA) and Securities & Exchange Board of India (SEBI), have evolved continuously in line with the new developments taking place from time to time and it is an ongoing process.In respect of Banking Sector, RBI has taken several regulatory and prudential measures for strengthening the same. The Government has also recently amended the Reserve Bank of India Act, 1934 to enhance regulatory flexibility and to empower RBi to deal with derivatives, etc.IRDA has also issued regulations covering various aspects of insurance business based upon international standards, which were adopted to domestic requirements. After gaining experience in the functioning of SEBI and the changing needs of the market, Government has strengthened SEBI by successive amendments in securities laws in 1995, 1996, 2000, 2002 and 2005.